

## **ORDINANCE NO. O-16-21**

AN ORDINANCE OF THE CITY OF COVINGTON, KENTUCKY AUTHORIZING THE ISSUANCE OF CITY OF COVINGTON, KENTUCKY GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021 IN AN AGGREGATE PRINCIPAL AMOUNT OF APPROXIMATELY \$12,000,000 (SUBJECT TO A PERMITTED ADJUSTMENT INCREASING THE PRINCIPAL AMOUNT OF BONDS BY UP TO \$1,200,000 AND DECREASING THE PRINCIPAL AMOUNT OF BONDS BY ANY AMOUNT) FOR THE PURPOSE OF PREPAYING THE CITY'S PAYMENT OBLIGATIONS UNDER A LEASE AGREEMENT DATED DECEMBER 20, 2012 WITH THE KENTUCKY BOND CORPORATION, WHICH WAS ENTERED INTO TO FINANCE PUBLIC IMPROVEMENTS WITHIN THE CITY; APPROVING THE FORM OF BONDS; AUTHORIZING DESIGNATED OFFICERS TO EXECUTE AND DELIVER THE BONDS; AUTHORIZING AND DIRECTING THE FILING OF NOTICE WITH THE STATE LOCAL DEBT OFFICER; PROVIDING FOR THE PAYMENT AND SECURITY OF THE BONDS; CREATING A BOND PAYMENT FUND; MAINTAINING THE HERETOFORE ESTABLISHED SINKING FUND; AUTHORIZING AN OFFICIAL STATEMENT RELATING TO THE SALE AND DELIVERY OF THE BONDS; AUTHORIZING ACCEPTANCE OF THE BIDS OF THE BOND PURCHASERS FOR THE PURCHASE OF THE BONDS; AND REPEALING INCONSISTENT ORDINANCES.

WHEREAS, the City of Covington, Kentucky (the "City") heretofore entered into a Lease Agreement dated December 20, 2012 with the Kentucky Bond Corporation (the "Prior Lease"), which was used to finance public improvements within the City; and

WHEREAS, the City has determined that the present conditions of the municipal market are more favorable than at the time the Prior Lease was entered into and that it is therefore advantageous and in the best interest of the City to proceed with the issuance of its General Obligation Refunding Bonds, Series 2021 in the approximate principal amount of \$12,000,000 (which amount may be increased by up to \$1,200,000 or decreased as necessary or desirable) (the "Bonds") to prepay the Prior Lease and enable the City to realize debt service savings; and

WHEREAS, pursuant to the Constitution and Laws of the Commonwealth of Kentucky, and particularly Sections 66.011 et. seq. of the Kentucky Revised Statutes, as amended (the "General Obligation Act") the City is authorized to issue refunding bonds, subject to the

requirements of the General Obligation Act, to pay all or any portion of the costs of financing or refinancing any public project that such City is authorized to acquire, improve or construct; and

WHEREAS, the City desires to prepay the Prior Lease through the issuance of the Bonds to be sold and awarded to the successful bidder (a "Purchaser") at public, competitive sale in accordance with the provisions of Chapter 424 of the Kentucky Revised Statutes, as amended.

NOW, THEREFORE, BE IT ORDAINED by the City, as follows:

Section 1 -- Necessity, Authorization and Purpose. The City hereby declares that it is desirable and necessary to issue, and hereby authorizes the issuance, of its General Obligation Refunding Bonds, Series 2021 in an aggregate principal amount not to exceed \$12,000,000, subject to a permitted adjustment (the "Permitted Adjustment") by increasing the principal amount of Bonds awarded to the purchasers thereof by up to \$1,200,000 or decreasing the principal amount of the Bonds as necessary or desirable, for the purpose of: (i) prepaying the Prior Lease; and (ii) paying the costs of issuance of the Bonds. The exact principal amount of Bonds to be issued shall be established in the Award Certificate (as hereinafter defined) for the purpose of (i) paying the costs of prepaying the Prior Lease and (ii) the costs of issuing the Bonds.

Section 2 – Form of Bonds. The Bonds shall be issued as fully registered Bonds, shall be designated "General Obligation Refunding Bonds, Series 2021" (with the further designation of "Taxable," if applicable) with any appropriate series or other dating designation indicating the year in which the Bonds are issued, and, if Bonds, shall each express upon their face the purpose for which they are issued, that they are issued under the General Obligation Act and shall be substantially in the form set forth in Annex A.

The Bonds shall be in denominations as requested by the Purchaser, which for Bonds shall be in integral multiples of five thousand dollars (\$5,000). The Bonds shall each be dated

their date of initial issuance and delivery, or such other date as is determined in an Award Certificate accepting the bid of the Purchaser (the "Award Certificate") to be executed by the Mayor or the Mayor's designee on the date of the sale of the Bonds.

Interest on the Bonds shall be payable each semi-annually on each February 1 and August 1 (an "Interest Payment Date"), commencing February 1, 2022, at the stated interest rate or rates on the principal amounts thereof, calculated on the basis of a 360 day year of 30 day months.

The Bonds shall be serial or term Bonds maturing or subject to mandatory sinking fund redemption on the date set forth in the Award Certificate and thereafter in the years and in the amounts to be established in the Award Certificate after advertised competitive sale of the Bonds based on the interest rates set forth in the successful bid for the Bonds (the "Bid") and the provisions of this Section 2, provided that the final maturity date of the Bonds shall be as set forth in the Award Certificate but shall be no later than twenty years after their date of issuance.

The interest rate or rates on the Bonds shall be determined in the Award Certificate based on the Bid; provided that the aggregate net interest cost of the Bonds shall not exceed five percent (5.00%).

Bonds issued as term Bonds shall be subject to mandatory sinking fund redemption on the dates, in the years and in the amounts as set forth in the Award Certificate.

The Bonds shall be subject to optional redemption prior to their maturity, in whole or in part, on the dates and in such order of maturity as shall be designated in the Award Certificate, and by lot within a maturity, at the election of the City upon 45 days written notice to the paying agent and registrar for the Bonds designated in the Award Certificate (the "Paying Agent and Registrar") at a redemption price equal to the par amount thereof, plus accrued interest to the date of redemption.

At least thirty (30) days before the optional or mandatory sinking fund redemption date of any Bonds, the Paying Agent and Registrar shall cause a notice of such redemption either in



whole or in part, signed by the Paying Agent and Registrar, to be mailed, first class, postage prepaid, to all registered owners of the Bonds to be redeemed at their addresses as they appear on the registration books kept by the Paying Agent and Registrar, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption of Bonds for which such notice has been sent. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive series, number or letters, if any, of such Bonds to be redeemed.

On the date so designated for redemption, notice having been mailed in the manner under the conditions hereinabove provided and moneys for payment of the redemption price being held in the (as hereinafter defined) by the Paying Agent and Registrar for the registered owners of the Bonds to be redeemed, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, interest on the Bonds so called for redemption shall cease to accrue, and the registered owners of such Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof.

Notwithstanding the foregoing, any such redemption may be conditioned upon funds being deposited with the Paying Agent and Registrar on or before the applicable redemption date in an amount sufficient to carry out such redemption. A failure to make such deposit shall not constitute an event of default under this Ordinance and the redemption in such event shall be cancelled. If the City knows in advance of an applicable redemption date that the necessary deposit will not occur, the City shall notify the Paying Agent and Registrar with instructions to give notice to the registered owner of the cancellation of the redemption and the redemption shall be of no force or effect.

The Bonds may be issued in book-entry-only form through the services of the Depository Trust Company ("DTC"). If the City determines to issue the Bonds in book-entry-only form the

Designated Officers (hereinafter defined) are authorized to execute all documents necessary to accomplish such form of issuance.

Section 3 -- Execution and Delivery. The Bonds shall be executed by the manual or facsimile signature of the Mayor and duly attested by the manual or facsimile signature of the City Clerk (which, together with any other person as may be authorized by resolution are referred to as "Designated Officers"). Additionally, the Bonds shall bear the manual authenticating signature of the Paying Agent and Registrar. The Designated Officers are further authorized and directed to (i) deliver the Bonds to the Purchasers, upon the terms and conditions provided herein, in the Award Certificate and in the Bids for the Bonds, receive the proceeds therefor, execute and deliver such certificates and other closing documents and take such other action as may be necessary or appropriate in order to effectuate the proper issuance, sale and delivery of the Bonds.

The City authorizes and directs the Paying Agent and Registrar to authenticate the Bonds and to deliver the Bonds to the Purchasers upon payment of the purchase price thereof.

Section 4 -- Payment. Payment of or on account of the interest on and principal of the Bonds shall be made directly to the Paying Agent and Registrar for the account of the registered owner. Interest on the Bonds shall be payable by check, mailed to the person whose name appears on the fifteenth day of the month preceding an Interest Payment Date on the bond registration records as the registered owner, on each Interest Payment Date or by other transfer of funds acceptable to such registered owner and the Paying Agent and Registrar. Principal shall be payable in such coin or currency of the United States of America as shall be legal tender for the payment of public and private debts at the time and place of payment upon delivery of the Bonds to the Paying Agent and Registrar or by other transfer of funds acceptable to the Paying Agent and Registrar and such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bonds to the extent of the sum or sums so paid.

Section 5 -- Filing. The Designated Officers are hereby authorized to undertake and cause all filings which may be required by law to be filed by the City with respect to the Bonds, including, but not limited to, the filing with the State Local Debt Officer required by law.

Section 6 -- Bond Payment Fund; Payment of Bonds. There is hereby established with the Paying Agent and Registrar a bond payment fund in the name of the City to be known as the City of Covington General Obligation Refunding Bonds, Series 2021, Bond Payment Fund (the "Series 2021 Bond Payment Fund"), into which the City covenants to deposit, and into which the Designated Officers are hereby authorized and directed to deposit from the Sinking Fund (hereinafter defined), on or before the twenty-fifth day of each month which precedes an Interest Payment Date, the amount required to pay principal of and interest due on the Bonds on such Interest Payment Date. The Paying Agent and Registrar shall, without further authorization from the City, withdraw from the Series 2021 Bond Payment Fund, on such Interest Payment Date, the amounts necessary to pay principal of, and interest on, the Bonds to the registered owner of the same.

The Paying Agent and Registrar is hereby appointed depository of the Series 2021 Bond Payment Fund with respect to the Bonds.

If the City shall fail or refuse to make any required deposit in the Series 2021 Bond Payment Fund from the Sinking Fund, the Paying Agent and Registrar shall (i) notify any agency of the Commonwealth of Kentucky or any political subdivision thereof which may collect and distribute taxes or revenues for the City to seek any available necessary or proper remedial action; and (ii) upon being indemnified against cost and expense, exercise any remedy provided in the Act or at law or in equity for the benefit of the owner of the Bonds or its assignee, and shall disburse all funds so collected to the owners of the Bonds as payment of the Bonds.

Section 7 -- General Obligation. The Bonds shall be full general obligations of the City and, for the payment of said Bonds, and the interest thereon, the full faith, credit and revenue of



the City are hereby pledged for the prompt payment thereof. During the period the Bonds are outstanding, there shall be and there hereby is levied on all the taxable property in the City, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the principal of and interest on the Bonds when and as due, it being hereby found and determined that current tax rates are within all applicable limitations. Said tax shall be and is hereby ordered computed, certified, levied and extended upon the tax duplicate and collected by the same officers in the same manner and at the same time that taxes for general purposes for each of said years are certified, extended and collected. Said tax shall be placed before and in preference to all other items and for the full amount thereof provided, however, that in each year to the extent that the other lawfully available funds of the City are available for the payment of the Bonds, and are appropriated for such purpose, the amount of such direct tax upon all of the taxable property in the City shall be reduced by the amount of such other funds so available and appropriated.

Section 8 -- Maintenance of Sinking Fund. Pursuant to Ordinance No. O-58-00 adopted on October 25, 2000 (the "Sinking Fund Ordinance"), there has heretofore been established with the City a sinking fund (the "Sinking Fund"), which is hereby ordered maintained so long as any of the Bonds shall remain outstanding. The funds derived from the tax levy required by Section 7 hereof or other lawfully available funds shall be placed in the Sinking Fund and, together with interest collected on the same, are irrevocably pledged for the payment of the interest on and principal of all bonds issued under the General Obligation Act and Tax-Supported Leases, as defined in the General Obligation Act, when and as the same fall due. Amounts shall be transferred from the Sinking Fund to the Series 2021 Bond Payment Fund at the times and in the amounts required by Section 6 hereof.

Section 9 -- Approval of Preliminary Official Statement and Official Statement; Sale of Bonds; Award Certificate. The City hereby authorizes the use of a Preliminary Official

Statement, including the Official Bid Form and Official Terms and Conditions of Bond Sale to be prepared by the City and its financial advisor, ratifies and approves the public distribution of such Preliminary Official Statement and authorizes the financial advisor for the City to complete the Preliminary Official Statement to reflect the interest costs to be borne by the Bonds and other relevant facts to serve as the City's Official Statement regarding the Bonds. The Mayor or the Mayor's designee is further authorized to declare the Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12. The Designated Officers are hereby directed to sell the Bonds to the Purchaser at advertised competitive sale as permitted by the General Obligation Act, the final principal amount of, the principal amortization of and the interest rate or rates on the Bonds to be established in accordance with the requirements of Sections 1 and 2 hereof and, in the case of Bonds to be sold, by execution of an Award Certificate. The Mayor or the Mayor's designee is hereby authorized to execute the Award Certificate establishing the terms of the Bonds described herein without any further action by the Board of Commissioners.

Section 10 – Bonds Registered Owners; Transfer; Exchange. As long as the Bonds executed and delivered hereunder shall remain outstanding, the Paying Agent and Registrar shall maintain an office for the registration of the Bonds and shall also keep at such office books for such registration and transfers. The registered owner of the Bonds, as set forth in the registration books maintained by the Paying Agent and Registrar on the fifteenth day preceding an Interest Payment Date, or its assignees, for purposes of this Ordinance, to the extent of its interest, shall be treated as the owner of the applicable Bonds and shall be entitled to all rights and security of the owner of the Bonds hereunder.

Upon surrender for registration of transfer of the Bonds at the office of the Paying Agent and Registrar with a written instrument of transfer satisfactory to the Paying Agent and Registrar, duly executed by the registered owner or the registered owner's duly authorized



attorney, the Paying Agent and Registrar shall execute and deliver, in the name of the designated transferee or transferees, one or more Bonds of the same series of any authorized denomination and of a like tenor and effect.

All Bonds, upon surrender thereof at the office of the Paying Agent and Registrar, may, at the option of the registered owner thereof be exchanged for an equal aggregate principal amount of Bonds of the same series of any authorized denomination.

In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Paying Agent and Registrar shall execute and deliver Bonds in accordance with the provisions of this Section. Every such exchange or transfer of Bonds, whether temporary or definitive, shall be without charge; provided that the Paying Agent and Registrar may impose a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

Section 11 -- Disposition of Proceeds. The proceeds of the sale of the Bonds shall be deposited, together with other available funds of the City, as follows: (a) the amount determined by the Designated Officers as being necessary to prepay the Prior Lease shall be applied to such prepayment in accordance with the terms of the Prior Lease and (b) the remainder of the proceeds of the Bonds shall be deposited to a special cost of issuance fund hereby directed to be established by the Paying Agent and Registrar and designated as the "City of Covington, Kentucky Series 2021 Cost of Issuance Fund" (the "Cost of Issuance Fund") and used to pay the costs of issuance of the Bonds. Any amounts remaining in the Cost of Issuance Fund after six months from the date of deposit shall be transferred by the Paying Agent to the City for deposit in the Bond Fund.

Section 12 -- Further Actions. In connection with the undertaking and implementation by the City of the plan of financing herein described, which is hereby expressly directed, the Designated Officers are hereby authorized and directed to take and carry out such further necessary, desirable or appropriate actions to effect such plan of financing.

Section 13 -- Discharge of Ordinance. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the owners of the Bonds the total principal and interest due or to become due thereon through maturity, in the manner stipulated therein and in this Ordinance, then the pledges made under this Ordinance, and all covenants, agreements and other obligations of the City hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 14 -- Severability. If any one or more of the provisions of this Ordinance should be determined by a court of competent jurisdiction to be contrary to law, then such provisions shall be deemed to be severable from all remaining provisions and shall not affect the validity of such other provisions.

Section 15 -- Inconsistent Actions. All prior ordinances, resolutions, orders or parts thereof inconsistent herewith are hereby repealed.

Section 16 -- Open Meetings Compliance. All meetings of the Board of Commissioners and of its committees and any other public bodies, at which the formal actions in connection with the issuance of the Bonds were taken, or at which deliberations that resulted in such formal actions were held, were open meetings, and such formal actions were taken and any such deliberations took place while such meetings, after proper notice, were open to the public, in compliance with all legal requirements including KRS Sections 61.805 through 61.850.

Section 17 -- Effective Date. This Ordinance shall become effective immediately upon adoption and publication of a summary thereof, as provided by law.

INTRODUCED AND PUBLICLY READ ON FIRST READING on the 12th day of October, 2021.

PUBLICLY READ, ADOPTED AND APPROVED ON SECOND READING, this the 26th day of October, 2021.

**CITY OF COVINGTON, KENTUCKY**

By: Joseph H. Meyer  
Mayor

Attest:

By: Susan Clark  
City Clerk



### CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Covington, Kentucky, and as such City Clerk, I further certify that the foregoing is a true, correct and complete copy of an Ordinance duly enacted by the Board of Commissioners of the City at a duly convened meeting held on the 26th day of October, 2021, on the same occasion signed by the Mayor as evidence of his approval, and now in full force and effect, all as appears from the official records of the City in my possession and under my control.

Witness my hand as City Clerk of said City as of the 27<sup>th</sup> day of Oct, 2021.

  
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City Clerk